Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE ENROLLED ACT No. 1257

AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 20-12-76-18, AS AMENDED BY P.L.231-2005, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 18. (a) Subject to subsections (b), ~~(c), (e), and (f),~~ **(d), and (e),** the commission shall determine the penal sum of each surety bond based upon the following guidelines:

(1) A postsecondary proprietary educational institution that has no annual gross tuition charges assessed for the previous year shall secure a surety bond in the amount of ~~five~~ **twenty-five** thousand dollars ~~($5,000).~~ **($25,000).**

~~(2) If the postsecondary proprietary educational institution's annual gross tuition charges assessed for the previous year are not more than five thousand dollars ($5,000), the institution shall secure a surety bond in the amount of one hundred percent (100%) of that institution's annual gross tuition charges assessed for the previous year.~~

~~(3) If the postsecondary proprietary educational institution's annual gross tuition charges assessed for the previous year are more than five thousand dollars ($5,000) but less than fifty thousand dollars ($50,000), the institution shall secure a surety bond in the amount of five thousand dollars ($5,000).~~

~~(4) If the postsecondary proprietary educational institution's annual gross tuition charges assessed for the previous year are~~

~~more than fifty thousand dollars ($50,000) but less than five hundred thousand dollars ($500,000), the institution shall secure a surety bond in the amount of ten percent (10%) of that institution's annual gross tuition charges assessed for the previous year.~~

~~(5)~~ **(2)** If **at any time** the postsecondary proprietary educational institution's **projected** annual gross tuition charges ~~assessed for the previous year~~ are more than ~~five hundred~~ **two hundred fifty** thousand dollars ~~($500,000),~~ **($250,000),** the institution shall secure a surety bond in the amount of fifty thousand dollars ($50,000).

~~(b) When a postsecondary proprietary educational institution is required to contribute to the fund and the fund has a balance on the date that the surety bond is due of at least:~~

~~(1) one hundred thousand dollars ($100,000), the commission shall reduce the penal sum of the surety bond described in subsection (a) by twenty percent (20%);~~

~~(2) two hundred thousand dollars ($200,000), the commission shall reduce the penal sum of the surety bond described in subsection (a) by forty percent (40%);~~

~~(3) three hundred thousand dollars ($300,000), the commission shall reduce the penal sum of the surety bond described in subsection (a) by sixty percent (60%);~~

~~(4) four hundred thousand dollars ($400,000), the commission shall reduce the penal sum of the surety bond described in subsection (a) by eighty percent (80%); or~~

~~(5) five hundred thousand dollars ($500,000), the commission shall reduce the penal sum of the surety bond described in subsection (a) by one hundred percent (100%).~~

~~(c)~~ **(b) After June 30, 2006, and** except as provided in:

(1) section 21 of this chapter; and

(2) subsection ~~(f);~~ **(e);**

and upon the fund achieving at least an initial ~~five hundred thousand~~ **one million** dollar ~~($500,000)~~ **($1,000,000)** balance, each postsecondary proprietary educational institution that contributes to the fund when the initial quarterly contribution ~~as~~ **is** required under this chapter after the fund's establishment is not required to make contributions to the fund or submit a surety bond.

~~(d)~~ **(c)** The commission shall determine the number of quarterly contributions required for the fund to initially accumulate ~~five hundred thousand~~ **one million** dollars ~~($500,000).~~ **($1,000,000).**

~~(e)~~ **(d)** Except as provided in section 21 of this chapter and subsection ~~(f),~~ **(e),** postsecondary proprietary educational institutions that begin making contributions to the fund after the initial quarterly contribution as required under this chapter are ~~(1)~~ required to make contributions to the fund for the same number of quarters as determined by the commission under subsection ~~(d); and~~ **(c).**

~~(2) after making the contributions to the fund as provided in subdivision (1) for the required number of quarters, may not be required to submit a surety bond.~~

~~(f)~~ **(e)** If, after the fund acquires ~~five hundred thousand~~ **one million** dollars ~~($500,000)~~ **($1,000,000)** the balance in the fund becomes less than ~~one~~ **five** hundred thousand dollars ~~($100,000),~~ **($500,000),** all postsecondary proprietary educational institutions not required to make contributions to the fund as described in subsection ~~(c)~~ **(b)** or ~~(e)~~ **(d)** shall make contributions to the fund for the number of quarters necessary for the fund to accumulate ~~five hundred thousand~~ **one million** dollars ~~($500,000).~~ **($1,000,000).**

SECTION 2. IC 20-12-76-20, AS ADDED BY P.L.1-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 20. (a) The career college student assurance fund is established to provide indemnification to a student or an enrollee of a postsecondary proprietary educational institution who suffers loss or damage as a result of any of the occurrences described in section 17(c) of this chapter if the occurrences transpired after June 30, 1992, and as provided in section 37 of this chapter.

(b) The commission shall administer the fund.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(f) Upon the fund acquiring ~~twenty-five~~ **fifty** thousand dollars ~~($25,000),~~ **($50,000),** the balance in the fund may not become less than ~~twenty-five~~ **fifty** thousand dollars ~~($25,000).~~ **($50,000).** If:

(1) a claim against the fund is filed that would, if paid in full, require the balance of the fund to become less than ~~twenty-five~~ **fifty** thousand dollars ~~($25,000);~~ **($50,000);** and

(2) the commission determines that the student is eligible for a reimbursement under the fund;

the commission shall prorate the amount of the reimbursement to ensure that the balance of the fund does not become less than

~~twenty-five~~ **fifty** thousand dollars ~~($25,000),~~ **($50,000),** and the student is entitled to receive that balance of the student's claim from the fund as money becomes available in the fund from contributions to the fund required under this chapter.

(g) The commission shall ensure that all outstanding claim amounts described in subsection (f) are paid as money in the fund becomes available in the chronological order of the outstanding claims.

(h) A claim against the fund may not be construed to be a debt of the state.

SECTION 3. IC 20-12-76-21, AS ADDED BY P.L.1-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 21. (a) Subject to section 18 of this chapter, each postsecondary proprietary educational institution shall make quarterly contributions to the fund. The quarters begin January 1, April 1, July 1, and October 1.

(b) For each quarter, each postsecondary proprietary educational institution shall make a contribution equal to the STEP THREE amount derived under the following formula:

STEP ONE: Determine the total amount of tuition and fees earned during the quarter.

STEP TWO: Multiply the STEP ONE amount by one-tenth of one percent (0.1%).

STEP THREE: Add the STEP TWO amount and sixty dollars ($60).

(c) Notwithstanding section 18 of this chapter, for a postsecondary proprietary educational institution beginning operation after ~~July 1, 1992,~~ **September 30, 2004,** the commission, in addition to requiring contributions to the fund, shall require the postsecondary proprietary educational institution to submit a surety bond in an amount determined by the commission for a period that represents the number of quarters required for the fund to initially accumulate ~~five hundred thousand~~ **one million** dollars ~~($500,000)~~ **($1,000,000)** as determined under section 18(d) of this chapter.

SECTION 4. IC 20-12-76-25, AS ADDED BY P.L.1-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 25. Full accreditation may not be issued unless and until the commission finds that the postsecondary proprietary educational institution meets minimum standards that are appropriate to that type or class of postsecondary proprietary educational institution, including the following minimum standards:

(1) The postsecondary proprietary educational institution has a sound financial structure with sufficient resources for continued

support.

(2) The postsecondary proprietary educational institution has satisfactory training or educational facilities with sufficient tools, supplies, or equipment and the necessary number of work stations or classrooms to adequately train, instruct, or educate the number of students enrolled or proposed to be enrolled.

(3) The postsecondary proprietary educational institution has an adequate number of qualified instructors or teachers, sufficiently trained by experience or education, to give the instruction, education, or training contemplated.

(4) The advertising and representations made on behalf of the postsecondary proprietary educational institution to prospective students are truthful and free from misrepresentation or fraud.

(5) The charge made for the training, instruction, or education is clearly stated and based upon the services rendered.

(6) The premises and conditions under which the students work and study are sanitary, healthful, and safe according to modern standards.

(7) The postsecondary proprietary educational institution has and follows a refund policy approved by the commission.

(8) The owner or chief administrator of the postsecondary proprietary educational institution has not been convicted of a felony.

(9) The owner or chief administrator of the postsecondary proprietary educational institution has not been the owner or chief administrator of a postsecondary proprietary institution that has had its accreditation revoked or has been closed involuntarily in the five (5) year period preceding the application for accreditation. However, if the owner or chief administrator of the postsecondary proprietary educational institution has been the owner or chief administrator of a postsecondary proprietary educational institution that has had its accreditation revoked or has been closed involuntarily more than five (5) years before the application for accreditation, the commission may issue full accreditation at the commission's discretion.

Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Governor of the State of Indiana

Date: ________________ Time: ________________

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